

1 THE HONORABLE JAMES L. ROBART  
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FILED      ENTERED  
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MAY 25 2007

AT SEATTLE  
CLERK U.S. DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
BY DEPUTY

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8 UNITED STATES DISTRICT COURT  
9 WESTERN DISTRICT OF WASHINGTON  
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11 In re WATCHGUARD SECURITIES      } Master File No. 2:05-cv-00678-JLR  
12 LITIGATION      }  
13 This Document Relates To:      } CLASS ACTION  
14 ALL ACTIONS.      } ~~PROPOSED~~ ORDER PRELIMINARILY  
                        APPROVING SETTLEMENT AND  
                        PROVIDING FOR NOTICE

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*JLR*



05-CV-00678-ORD

[PROPOSED] ORDER PRELIMINARILY  
APPROVING SETTLEMENT AND PROVIDING  
FOR NOTICE (2:05-cv-00678-JLR)

Lerach Coughlin Stoia Geller Rudman & Robbins LLP  
1700 Seventh Avenue, Suite 2260  
Seattle, WA 98101  
Telephone: 206/749-5544 • Fax: 206/749-9978

1 WHEREAS, a consolidated class action is pending before the Court entitled *In re*  
2 *WatchGuard Securities Litigation*, Master File No. 2:05-cv-00678-JLR (the "Litigation");

3 WHEREAS, the Court has received the Stipulation of Settlement dated as of March 26,  
4 2007(the "Stipulation"), that has been entered into by the Lead Plaintiff and Defendants, and the  
5 Court has reviewed the Stipulation and its attached Exhibits; and

6 WHEREAS, the parties having made application, pursuant to Federal Rule of Civil  
7 Procedure 23(e), for an order preliminarily approving the settlement of this Litigation, in accordance  
8 with the Stipulation which, together with the Exhibits annexed thereto sets forth the terms and  
9 conditions for a proposed settlement of the Litigation and for dismissal of the Litigation with  
10 prejudice upon the terms and conditions set forth therein; and the Court having read and considered  
11 the Stipulation and the Exhibits annexed thereto; and

12 WHEREAS, all defined terms contained herein shall have the same meanings as set forth in  
13 the Stipulation;

14 NOW, THEREFORE, IT IS HEREBY ORDERED:

15 1. The Court does hereby preliminarily approve the Stipulation and the settlement set  
16 forth therein, subject to further consideration at the Settlement Hearing described below.

17 2. A hearing (the "Settlement Hearing") shall be held before this Court on August 6,  
18 2:00 p.m. 2007, at \_\_\_\_\_ a.m., at the U.S. Courthouse, 700 Stewart Street, Seattle, Washington, to determine  
19 whether the proposed settlement of the Litigation on the terms and conditions provided for in the  
20 Stipulation is fair, reasonable and adequate to the Settlement Class and should be approved by the  
21 Court; whether a Judgment as provided in ¶1.9 of the Stipulation should be entered herein; whether  
22 the proposed Plan of Allocation should be approved; and to determine the amount of fees and  
23 expenses that should be awarded to Lead Counsel. The Court may adjourn the Settlement Hearing  
24 without further notice to Members of the Settlement Class.

25 3. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, the Court preliminarily  
26 certifies, for purposes of effectuating this settlement, a Settlement Class of all Persons who

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1 purchased WatchGuard Technologies, Inc. ("WatchGuard") common stock between February 12,  
2 2004 and March 15, 2005, inclusive. Excluded from the Settlement Class are Defendants and their  
3 Related Parties. Also excluded from the Settlement Class are those Persons who timely and validly  
4 request exclusion from the Settlement Class pursuant to the Notice of Pendency and Proposed  
5 Settlement of Class Action.

6       4. With respect to the Settlement Class, this Court preliminarily finds for purposes of  
7 effectuating this settlement that (a) the Members of the Settlement Class are so numerous that  
8 joinder of all Settlement Class Members in the Litigation is impracticable; (b) there are questions of  
9 law and fact common to the Settlement Class which predominate over any individual questions; (c)  
10 the claims of the Lead Plaintiff are typical of the claims of the Settlement Class; (d) the Lead  
11 Plaintiff and Lead Counsel have fairly and adequately represented and protected the interests of all  
12 of the Settlement Class Members; and (e) a class action is superior to other available methods for the  
13 fair and efficient adjudication of the controversy, considering: (i) the interests of the Members of the  
14 Settlement Class in individually controlling the prosecution of the separate actions; (ii) the extent  
15 and nature of any litigation concerning the controversy already commenced by Members of the  
16 Settlement Class; (iii) the desirability or undesirability of continuing the litigation of these claims in  
17 this particular forum; and (iv) the difficulties likely to be encountered in the management of the  
18 Litigation.

19       5. The Court approves, as to form and content, the Notice of Pendency and Proposed  
20 Settlement of Class Action (the "Notice"), the Proof of Claim and Release form (the "Proof of  
21 Claim"), and Summary Notice for publication annexed as Exhibits A-1, A-2 and A-3 hereto, and  
22 finds that the mailing and distribution of the Notice and publishing of the Summary Notice  
23 substantially in the manner and form set forth in ¶¶6-7 of this Order meet the requirements of  
24 Federal Rule of Civil Procedure 23 and due process, and is the best notice practicable under the  
25 circumstances and shall constitute due and sufficient notice to all Persons entitled thereto.  
26

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1       6. Pursuant to Rule 53(c) of the Federal Rules of Civil Procedure, the Court appoints the  
2 firm of Gilardi & Co. LLC ("Claims Administrator") to supervise and administer the notice  
3 procedure as well as the processing of claims as more fully set forth below:

4             (a) Not later than June 6, 2007 (the "Notice Date"), Lead Counsel shall cause a  
5 copy of the Notice and the Proof of Claim, substantially in the forms annexed as Exhibits A-1 and A-  
6 2, to be mailed by first class mail to all Settlement Class Members who can be identified with  
7 reasonable effort;

8             (b) Not later than June 6, 2007, Lead Counsel shall cause the Summary Notice to  
9 be published once in *Investor's Business Daily*; and

10            (c) At least seven (7) calendar days prior to the Settlement Hearing, Lead Counsel  
11 shall cause to be served on Defendants' counsel and filed with the Court proof, by affidavit or  
12 declaration, of such mailing and publishing.

13       7. Nominees who purchased WatchGuard common stock during the period beginning  
14 February 12, 2004 and March 15, 2005, inclusive, shall send the Notice and the Proof of Claim to all  
15 beneficial owners of such WatchGuard common stock within ten (10) days after receipt thereof, or  
16 send a list of the names and addresses of such beneficial owners to the Claims Administrator within  
17 ten (10) days of receipt thereof, in which event the Claims Administrator shall promptly mail the  
18 Notice and Proof of Claim to such beneficial owners. Lead Counsel shall, if requested, reimburse  
19 banks, brokerage houses or other nominees solely for their reasonable out-of-pocket expenses  
20 incurred in providing notice to beneficial owners who are Settlement Class Members out of the Class  
21 Notice and Administration Fund, which expenses would not have been incurred except for the  
22 sending of such notice, subject to further order of this Court with respect to any dispute concerning  
23 such compensation.

24       8. All Members of the Settlement Class shall be bound by all determinations and  
25 judgments in the Litigation concerning the settlement, whether favorable or unfavorable to the  
26 Settlement Class.

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1       9. Settlement Class Members who wish to participate in the settlement shall complete  
2 and submit Proof of Claim forms in accordance with the instructions contained therein. Unless the  
3 Court orders otherwise, all Proof of Claim forms must be submitted no later than ninety (90) days  
4 from the Notice Date. Any Settlement Class Member who does not timely submit a Proof of Claim  
5 within the time provided for shall be barred from sharing in the distribution of the proceeds of the  
6 Net Settlement Fund, unless otherwise ordered by the Court.

7       10. Any Person who desires to request exclusion from the Settlement Class shall do so  
8 within the time set forth and in the manner described in the Notice. All Persons who submit valid  
9 and timely Requests for Exclusion in the manner set forth in the Notice shall have no rights under  
10 the Stipulation, shall not share in the distribution of the Net Settlement Fund, and shall not be bound  
11 by the Stipulation or the Judgment entered in the Litigation.

12      11. Any Member of the Settlement Class may enter an appearance in the Litigation, at  
13 his, her or its own expense, individually or through counsel of his, her, or its own choice. If  
14 Members of the Settlement Class do not enter an appearance, they will be represented by Lead  
15 Counsel.

16      12. Any Member of the Settlement Class may appear and show cause, if he, she or it has  
17 any reason, why the proposed settlement of the Litigation should or should not be approved as fair,  
18 reasonable and adequate, why a judgment should or should not be entered thereon, why the Plan of  
19 Allocation should or should not be approved, or why attorneys' fees and expenses should or should  
20 not be awarded to Lead Counsel; provided, however, that no Settlement Class Member or any other  
21 Person shall be heard or entitled to contest the approval of the terms and conditions of the proposed  
22 settlement, or, if approved, the Judgment to be entered thereon approving the same, or the order  
23 approving the Plan of Allocation, or the attorneys' fees and expenses to be awarded to Lead Counsel,  
24 unless that Person has delivered by hand or sent by first class mail written objections and copies of  
25 any papers and briefs such that they are received on or before July 20, 2007, by: Lerach Coughlin  
26 Stoia Geller Rudman & Robbins LLP, Joy Ann Bull, 655 West Broadway, Suite 1900, San Diego,

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1 California 92101, and Orrick, Herrington & Sutcliffe LLP, James N. Kramer, The Orrick Bldg., 405  
2 Howard Street, San Francisco, California 94105, and filed said objections, papers and briefs with the  
3 Clerk of the United States District Court for the Western District of Washington, on or before July  
4 20, 2007. Any Member of the Settlement Class who does not make his, her or its objection in the  
5 manner provided shall be deemed to have waived such objection and shall forever be foreclosed  
6 from making any objection to the fairness or adequacy of the proposed settlement as set forth in the  
7 Stipulation, to the Plan of Allocation, or to the award of attorneys' fees and expenses to Lead  
8 Counsel, unless otherwise ordered by the Court.

9       13. All funds held by the Escrow Agent shall be deemed and considered to be in *custodia*  
10 *legis* of the Court, and shall remain subject to the jurisdiction of the Court, until such time as such  
11 funds shall be distributed pursuant to the Stipulation and/or further order(s) of the Court.

12       14. All papers in support of the settlement, the Plan of Allocation, and the application by  
13 Lead Counsel for attorneys' fees or reimbursement of expenses shall be filed and served seven (7)  
14 calendar days before the Settlement Hearing.

15       15. Neither Defendants nor their Related Parties shall have any responsibility for or  
16 liability with respect to the Plan of Allocation or any application for attorneys' fees or  
17 reimbursement of expenses submitted by Lead Counsel, and such matters will be considered  
18 separately from the fairness, reasonableness and adequacy of the settlement.

19       16. At or after the Settlement Hearing, the Court shall determine whether the Plan of  
20 Allocation proposed by Lead Counsel, and any application for attorneys' fees or reimbursement of  
21 expenses, shall be approved.

22       17. All reasonable expenses incurred in identifying and notifying Settlement Class  
23 Members, as well as administering the Settlement Fund, shall be paid as set forth in the Stipulation.  
24 In the event the settlement is not approved by the Court, or otherwise fails to become effective,  
25 neither the Lead Plaintiff nor Lead Counsel shall have any obligation to repay any amounts actually  
26 and properly disbursed from the Class Notice and Administration Fund.

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1        18. Neither the Stipulation, nor any of its terms or provisions, nor any of the negotiations  
2 or proceedings connected with it, shall be construed as an admission or concession by Defendants or  
3 their Related Parties of the truth of any of the allegations in the Litigation, or of any liability, fault,  
4 or wrongdoing of any kind.

5       19. The Court reserves the right to adjourn the date of the Settlement Hearing without  
6 further notice to the Members of the Settlement Class, and retains jurisdiction to consider all further  
7 applications arising out of or connected with the proposed settlement. The Court may approve the  
8 settlement, with such modifications as may be agreed to by the Settling Parties, if appropriate,  
9 without further notice to the Settlement Class.

10       20. The Court may, for good cause, extend any of the deadlines set forth in this Order  
11 without further notice to Members of the Settlement Class.

21. All other proceedings in the Litigation are stayed until further order of the Court.

13 IT IS SO ORDERED.

14 DATED: May 25, 2007

THE HONORABLE JAMES L. ROBART  
UNITED STATES DISTRICT JUDGE

Submitted by.

17 LERACH COUGHLIN STOIA GELLER  
18 RUDMAN & ROBBINS LLP  
JOY ANN BULL

20 \_\_\_\_\_  
21 s/ Joy Ann Bull  
JOY ANN BULL

22 655 West Broadway, Suite 1900  
San Diego, CA 92101-3301  
23 Telephone: 619/231-1058  
619/231-7423 (fax)

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1 LERACH COUGHLIN STOIA GELLER  
2 RUDMAN & ROBBINS LLP  
3 TAMARA J. DRISCOLL, WSBA #29212  
4 1700 Seventh Avenue, Suite 2260  
Seattle, WA 98101  
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6 LERACH COUGHLIN STOIA GELLER  
RUDMAN & ROBBINS LLP  
7 AZRA Z. MEHDI  
AELISH M. BAIG  
8 100 Pinc Street, Suite 2600  
San Francisco, CA 94111  
9 Telephone: 415/288-4545  
415/288-4534 (fax)

10 Lead Counsel for Plaintiffs

11 VANOVERBEKE MICHAUD  
12 & TIMMONY, P.C.  
MICHAEL J. VANOVERBEKE  
13 THOMAS C. MICHUAD  
MICHAEL E. MOCO  
14 79 Alfred Street  
Detroit, MI 48201  
15 Telephone: 313/578-1200  
313/578-1201 (fax)

16 Additional Counsel for Plaintiffs

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## EXHIBIT A-1

1 THE HONORABLE JAMES L. ROBART  
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UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON

10 In re WATCHGUARD SECURITIES )  
11 LITIGATION ) Master File No. 2:05-cv-00678-JLR  
12 )  
13 This Document Relates To: ) CLASS ACTION  
14 ALL ACTIONS. )  
15 ) NOTICE OF PENDENCY AND PROPOSED  
16 ) SETTLEMENT OF CLASS ACTION  
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EXHIBIT A-1

NOTICE OF PENDENCY AND PROPOSED  
SETTLEMENT (2:05-cv-00678-JLR)

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1 **IF YOU PURCHASED WATCHGUARD TECHNOLOGIES, INC. ("WATCHGUARD")  
2 COMMON STOCK BETWEEN FEBRUARY 12, 2004 AND MARCH 15, 2005, INCLUSIVE,  
3 YOU COULD GET A PAYMENT FROM A CLASS ACTION SETTLEMENT.**

4 A federal court authorized this Notice. This is not a solicitation from a lawyer.

5 **Securities and Time Period:** WatchGuard Technologies, Inc. ("WatchGuard") common  
6 stock (CUSIP: 941105108) purchased between February 12, 2004 and March 15, 2005.

7 **Settlement Fund:** \$1,750,000 in cash. Your recovery will depend on the number of shares  
8 purchased and the timing of your purchases and any sales. Depending on the number of eligible  
9 shares that participate in the settlement and when those shares were purchased and sold, the  
10 estimated average recovery per share of common stock will be approximately \$0.10 before  
deduction of Court-approved fees and expenses.

11 **Reasons for Settlement:** Avoids the costs and risks associated with continued litigation,  
12 including the danger of no recovery.

13 **If the Case Had Not Settled:** Continuing with the case could have resulted in dismissal or  
14 loss at trial. The two sides do not agree on the amount of money, if any, that could have been won if  
15 Lead Plaintiff prevailed at trial. The parties disagree about: (1) the method for determining whether  
16 WatchGuard common stock was artificially inflated during the relevant period; (2) the amount of  
17 any such inflation; (3) whether and the extent to which various facts alleged by Lead Plaintiff were  
18 materially false or misleading; (4) the extent to which various facts alleged by Lead Plaintiff  
19 influenced the trading price of WatchGuard common stock during the relevant period; and (5)  
20 whether the facts alleged were material, false, misleading or otherwise actionable under the  
securities laws.

22 **Attorneys' Fees and Expenses:** Lead Counsel have not received any payment for their  
23 work investigating the facts, conducting this litigation and negotiating the settlement on behalf of the  
24 Lead Plaintiff and the Settlement Class. Court-appointed Lead Counsel will ask the Court for  
25 attorneys' fees of 25% of the Settlement Fund and reimbursement of out-of-pocket expenses not to  
26

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1 exceed \$90,000 to be paid from the Settlement Fund. If the above amounts are requested and  
2 approved by the Court, the average cost per share of common stock will be \$0.03.

3 **Deadlines:**

4 Submit Claim: September 4, 2007

5 Request Exclusion: July 20, 2007

6 File Objection: July 20, 2007

7 **Court Hearing on Fairness of Settlement: August \_\_, 2007**

8 **More Information:** [www.gilardi.com](http://www.gilardi.com) or

9 Claims Administrator: Lead Counsel:

10 *WatchGuard Securities Litigation*

11 Claims Administrator

12 c/o Gilardi & Co. LLC

13 P.O. Box 8040

14 San Rafael, CA 94912-8040

Rick Nelson

Shareholder Relations

Lerach Coughlin Stoia Geller

Rudman & Robbins LLP

655 West Broadway, Suite 1900

San Diego, CA 92101

- 15 • Your legal rights are affected whether you act, or don't act. Read this Notice carefully.

16 **YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:**

17 **SUBMIT A CLAIM FORM** The only way to get a payment.

18 **EXCLUDE YOURSELF** Get no payment. This is the only option that allows you to  
19 participate in another lawsuit against the Defendants relating to  
20 the legal claims in this case.

21 **OBJECT** You may write to the Court if you don't like this settlement.

22 **GO TO A HEARING** You may ask to speak in Court about the fairness of the  
23 settlement.

24 **DO NOTHING** Get no payment and be deemed to have released all Released  
25 Claims.  
26

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- These rights and options — *and the deadlines to exercise them* — are explained in this Notice.
  - The Court in charge of this case must decide whether to approve the settlement.
  - Payments will be made if the Court approves the settlement and, if there are any appeals, after appeals are resolved. Please be patient.

## BASIC INFORMATION

## **1. Why Did I Get This Notice Package?**

You or someone in your family may have purchased shares of WatchGuard common stock between February 12, 2004 and March 15, 2005.

11 The Court approved sending you this Notice because you have a right to know about a  
12 proposed settlement of a class action lawsuit, and about all of your options, before the Court decides  
13 whether to approve the settlement. If the Court approves it and after any objections or appeals are  
14 resolved, the Claims Administrator appointed by the Court will make the payments that the  
15 settlement allows.

This package explains the lawsuit, the settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

18 The Court in charge of the case is the United States District Court for the Western District of  
19 Washington, and the case is known as *In re WatchGuard Securities Litigation*, Master File No. 2:05-  
20 cv-00678-JLR. The person who sued is called the Lead Plaintiff, and the company and the  
21 individuals it sued, WatchGuard, Steven N. Moore, Michael E. McConnell, Edward J. Borey and  
22 James A. Richman, are called the Defendants.

## **2. What Is This Lawsuit About?**

24 This case was brought as a class action alleging that the Defendants falsified WatchGuard's  
25 financial results during the period between February 12, 2004 and March 15, 2005. On March 15,  
26 2005, WatchGuard announced it would be restating its financial results due to improper revenue

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1 recognition, under-accrual of customer rebate obligations, and inaccurate income statement  
2 classification of early pay incentive discounts taken by customers. Lead Plaintiff asserts these  
3 actions resulted in the artificial inflation of the price of WatchGuard common stock in violation of  
4 federal securities laws, causing damage to members of the Settlement Class. Defendants deny the  
5 allegations asserted by Lead Plaintiff in the Litigation.

### **3. Why Is This a Class Action?**

In a class action, one or more people called class representatives (in this case the Court-appointed Lead Plaintiff, City of Dearborn Heights Act 345 Police & Fire Retirement System) sue on behalf of people who have similar claims. Here, all these people are called a Settlement Class or Settlement Class Members. One court resolves the issues for all Settlement Class Members, except for those who exclude themselves from the Settlement Class. Judge James L. Robart is in charge of this class action.

#### **4. Why Is There a Settlement?**

14 The Court dismissed plaintiff's complaint and plaintiff filed a notice of appeal. Rather than  
15 continue to litigate, both sides agreed to a settlement. That way, they avoid the cost of appeal and  
16 possibly trial, and eligible Settlement Class Members who make a valid claim will get compensation.  
17 The Lead Plaintiff and his attorneys think the settlement is best for all Settlement Class Members.

## **WHO IS IN THE SETTLEMENT**

To see if you will get money from this settlement, you first have to determine if you are a Settlement Class Member.

## 5. How Do I Know if I Am Part of the Settlement?

22 The Settlement Class includes *all persons who purchased WatchGuard common stock*  
23 *between February 12, 2004 and March 15, 2005, except those persons and entities that are*  
24 *excluded, as described below.*

25

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1           **6. What Are The Exceptions to Being Included?**

2           You are not a Settlement Class Member if you are a Defendant or a Defendant's past or  
3 present directors, officers, employees, partners, insurers, co-insurers, reinsurers, agents, controlling  
4 shareholders, attorneys, accountants, auditors, advisors, investment advisors, personal or legal  
5 representatives, predecessors, successors, parents, subsidiaries, divisions, joint ventures, assigns,  
6 spouses, heirs, related or affiliated entities, any entity in which a Defendant has a controlling interest,  
7 any members of an Individual Defendant's immediate family, or any trust of which the Individual  
8 Defendant is the settlor or which is for the benefit of the Individual Defendant's family.

9           If you sold or held WatchGuard common stock between February 12, 2004 and March 15,  
10 2005, that alone does not make you a Settlement Class Member. You are a Settlement Class  
11 Member only if you purchased WatchGuard common stock between February 12, 2004 and March  
12 15, 2005.

13           **7. I'm Still Not Sure if I Am Included.**

14           If you are still not sure whether you are included, you can ask for free help. You can call  
15 Rick Nelson at 619/231-1058 for more information. Or you can fill out and return the claim form  
16 described in question 10 and included with this Notice, to see if you qualify.

17           **THE SETTLEMENT BENEFITS — WHAT YOU GET**

18           **8. What Does the Settlement Provide?**

19           Defendants have agreed to pay \$1.75 million in cash to be divided among all eligible  
20 Settlement Class Members who send in valid claim forms, after payment of Court-approved  
21 attorneys' fees and expenses and the costs of claims administration, including the costs of printing  
22 and mailing this Notice and the cost of publishing newspaper notice (the "Net Settlement Fund").

23           **9. How Much Will My Payment Be?**

24           Your share of the fund will depend on the number of valid claim forms that Settlement Class  
25 Members send in and how many shares of securities you purchased or acquired during the relevant  
26 period and when you bought and sold them. A claim will be calculated as follows:

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1           1. For shares of WatchGuard common stock *purchased on February 12, 2004*  
2 *through October 7, 2004*, and

3               a) sold on or before October 7, 2004, the claim per share is \$0.  
4               b) sold between October 8, 2004 through March 15, 2005, the claim per  
5 share is the lesser of (i) the purchase price less the sales price, or (ii) \$0.40 (October 8, 2004 Price  
6 Decline).

7               c) held at the close of trading on March 15, 2005, the claim per share is  
8 \$0.48 (October 8, 2004 and March 16, 2005 Price Declines).

9           2. For shares of WatchGuard common stock *purchased on October 8, 2004*  
10 *through March 15, 2005*, and

11               a) sold on or before March 15, 2005, the claim per share is \$0.  
12               b) held at the close of trading on March 15, 2005, the claim per share is  
13 the lesser of (i) the purchase price less \$3.17 (March 16, 2005 Closing Price), or (ii) \$0.08 (March  
14 16, 2005 Price Decline).

15           The payment you get will reflect your pro rata share of the Net Settlement Fund. Depending  
16 on the number of eligible shares that participate in the settlement and when those shares were  
17 purchased and sold, the estimated average payment will be approximately \$0.12 for each share  
18 before deduction of Court-approved fees and expenses. The number of claimants who send in  
19 claims varies widely from case to case. If fewer than anticipated Settlement Class Members send in  
20 a claim form, you could get more money.

21           The date of purchase or sale is the "contract" or "trade" date as distinguished from the  
22 "settlement" date.

23           For Settlement Class Members who held WatchGuard common stock at the beginning of the  
24 Settlement Class Period or made multiple purchases or sales during the Settlement Class Period, the  
25 first-in, first-out ("FIFO") method will be applied to such holdings, purchases and sales for purposes  
26 of calculating a claim. Under the FIFO method, sales of shares during the Settlement Class Period

1 will be matched, in chronological order, first against shares held at the beginning of the Settlement  
2 Class Period. The remaining sales of shares during the Settlement Class Period will then be  
3 matched, in chronological order, against shares purchased during the Settlement Class Period.

4 A Settlement Class Member will be eligible to receive a distribution from the Net Settlement  
5 Fund only if a Settlement Class Member had a net loss, after all profits from transactions in  
6 WatchGuard common stock during the Settlement Class Period are subtracted from all losses.

7 **HOW YOU GET A PAYMENT — SUBMITTING A CLAIM FORM**

8 **10. How Will I Get a Payment?**

9 To qualify for payment, you must be an eligible Settlement Class Member and you must send  
10 in a claim form. A claim form is enclosed with this Notice. Read the instructions carefully, fill out  
11 the form, include all the documents the form asks for, sign it, and mail it in the enclosed envelope  
12 postmarked no later than September 4, 2007.

13 **11. When Will I Get My Payment?**

14 The Court will hold a hearing on August \_\_, 2007, to decide whether to approve the  
15 settlement. If Judge Robart approves the settlement, there may be appeals. It is always uncertain  
16 whether these appeals can be resolved, and resolving them can take time, perhaps several years.  
17 Everyone who sends in a claim form will be informed of the determination with respect to their  
18 claim. Please be patient.

19 **12. What Am I Giving Up to Get a Payment or Stay in the Settlement Class?**

20 Unless you exclude yourself, you are staying in the Settlement Class, and that means that you  
21 cannot sue, continue to sue, or be part of any other lawsuit against the Defendants about the same  
22 legal issues in this case. It also means that all of the Court's orders will apply to you and legally  
23 bind you and you will release your claims in this case against the Defendants. The terms of the  
24 release are included in the claim form that is enclosed.

25

26

NOTICE OF PENDENCY AND PROPOSED  
SETTLEMENT (2:05-cv-00678-JLR)

Lerach Coughlin Stoia Geller Rudman & Robbins LLP  
1700 Seventh Avenue, Suite 2260  
Seattle, WA 98101

Telephone: 206/749-5544 • Fax: 206/749-9978

1                   **EXCLUDING YOURSELF FROM THE SETTLEMENT**

2       If you do not want a payment from this settlement, but you want to keep the right to sue or  
3 continue to sue the Defendants on your own about the same legal issues in this case, then you must  
4 take steps to get out of the Settlement Class. This is called excluding yourself or is sometimes  
5 referred to as *opting out of the Settlement Class*.

6                   **13. How Do I Get Out of the Settlement Class?**

7       To exclude yourself from the Settlement Class, you must send a letter by mail stating that  
8 you want to be excluded from *In re WatchGuard Securities Litigation*, Master File No. 2:05-cv-  
9 00678-JLR. You must include your name, address, telephone number, your signature, and the  
10 number of shares WatchGuard common stock you purchased between February 12, 2004 and March  
11 15, 2005, the number and shares sold during this time period, if any, and the dates of such purchases  
12 and sales. You must mail your exclusion request postmarked no later than July 20, 2007 to:

13                   *WatchGuard Securities Litigation*  
14                   Claims Administrator  
15                   c/o Gilardi & Co. LLC  
16                   P.O. Box 8040  
17                   San Rafael, CA 94912-8040

18       You *cannot* exclude yourself on the phone or by e-mail. If you ask to be excluded, you are  
19 not eligible to get any settlement payment, and you cannot object to the settlement. You will not be  
20 legally bound by anything that happens in this lawsuit.

21                   **14. If I Do Not Exclude Myself, Can I Sue the Defendants for the Same Thing  
22                   Later?**

23       No. Unless you exclude yourself, you give up any right to sue the Defendants for the claims  
24 resolved by this settlement. If you have a pending lawsuit against any of the Defendants, speak to  
25 your lawyer in that case immediately. Remember, the exclusion deadline is July 20, 2007.

26                   **15. If I Exclude Myself, Can I Get Money from This Settlement?**

27       No. If you exclude yourself, do not send in a claim form. But, you may sue, continue to sue,  
28 or be part of a different lawsuit against the Defendants.

NOTICE OF PENDENCY AND PROPOSED  
SETTLEMENT (2:05-cv-00678-JLR)

Lerach Coughlin Stoia Geller Rudman & Robbins LLP  
1700 Seventh Avenue, Suite 2260  
Seattle, WA 98101  
Telephone: 206/749-5544 • Fax: 206/749-9978

THE LAWYERS REPRESENTING YOU

#### **16. Do I Have a Lawyer in This Case?**

The Court asked the law firm of Lerach Coughlin Stoia Geller Rudman & Robbins LLP to represent you and other Settlement Class Members.

These lawyers are called Lead Counsel. You will not be charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

#### **17. How Will the Lawyers Be Paid?**

Lead Counsel will ask the Court for attorneys' fees of approximately 25% of the Settlement Fund (an average of \$0.025 per share of common stock) and for reimbursement of their out-of-pocket expenses up to \$90,000 (\$0.005 per share of common stock), which were advanced in connection with the Litigation. Such sums as may be approved by the Court will be paid from the Settlement Fund. Settlement Class members are not personally liable for any such fees or expenses.

The attorneys' fees and expenses requested will be the only payment to Lead Counsel for their efforts in achieving this settlement and for their risk in undertaking this representation on a wholly contingent basis. To date, Lead Counsel have not been paid for their services for conducting this litigation on behalf of the Lead Plaintiff and the Settlement Class or for their substantial out-of-pocket expenses. The fee requested will compensate Lead Counsel for their work in achieving the Settlement Fund, is well within the range of fees awarded to class counsel under similar circumstances in other cases of this type, and is substantially less than the actual time invested in this case. The Court may award less than this amount.

## **OBJECTION TO THE SETTLEMENT**

You can tell the Court that you do not agree with the settlement or some part of it.

**18. How Do I Tell the Court that I Do Not Like the Settlement?**

If you are a Settlement Class Member, you can object to the settlement if you do not like any part of it. You can give reasons why you think the Court should not approve it. The Court will consider your views. To object, you must send a letter saying that you object to the settlement in *In*

1       *re WatchGuard Securities Litigation*, Master File No. 2:05-cv-00678-JLR. Be sure to include your  
2 name, address, telephone number, your signature, the number of shares of WatchGuard common  
3 stock purchased and sold between February 12, 2004 and March 15, 2005, and the reasons you  
4 object to the settlement. Any objection to the settlement must be mailed or delivered such that it is  
5 received by each of the following no later than July 20, 2007:

6                                  *Court:*

7                                  *Clerk of the Court*  
8                                  UNITED STATES OF DISTRICT COURT  
9                                  WESTERN DISTRICT OF WASHINGTON  
10                                 700 Stewart Street  
11                                 Seattle, WA 98101

12                                 *Counsel for Lead Plaintiff:*

13                                 Joy Ann Bull  
14                                 LERACH COUGHLIN STOIA GELLER  
15                                 RUDMAN & ROBBINS LLP  
16                                 655 West Broadway, Suite 1900  
17                                 San Diego, CA 92101

18                                 *Counsel for Defendants:*

19                                 James N. Kramer  
20                                 ORRICK, HERRINGTON & SUTCLIFFE LLP  
21                                 The Orrick Bldg., 405 Howard Street  
22                                 San Francisco, CA 94105

23                                 **19. What's the Difference Between Objecting and Excluding?**

24       Objecting is simply telling the Court that you don't like something about the settlement. You  
25       can object *only if* you stay in the Settlement Class. Excluding yourself is telling the Court that you  
26       don't want to be part of the Settlement Class. If you exclude yourself, you have no basis to object  
because the case no longer affects you.

27                                 **THE COURT'S FAIRNESS HEARING**

28       The Court will hold a hearing to decide whether to approve the settlement. You may attend  
29       and you may ask to speak, but you don't have to.  
30

31  
32                                 NOTICE OF PENDENCY AND PROPOSED  
33                                 SETTLEMENT (2:05-cv-00678-JLR)

34                                 Lerach Coughlin Stoia Geller Rudman & Robbins LLP  
35                                 1700 Seventh Avenue, Suite 2260  
36                                 Seattle, WA 98101

37                                 Telephone: 206/749-5544 • Fax: 206/749-9978

1           **20. When and Where Will the Court Decide Whether to Approve the**  
2           **Settlement?**

3           The Court will hold a fairness hearing at \_\_\_\_\_.m., on August \_\_\_, 2007, at the U.S.  
4           Courthouse, 700 Stewart Street, Seattle, Washington. At this hearing the Court will consider  
5           whether the settlement is fair, reasonable, and adequate. If there are objections, the Court will  
6           consider them. Judge Robart will listen to people who have asked in a timely manner to speak at the  
7           hearing. The Court will also consider how much to pay to Lead Counsel out of the settlement funds.  
8           The Court may decide these issues at the hearing or take them under consideration. We do not know  
9           how long these decisions will take.

10           **21. Do I have to Attend the Hearing?**

11           No. Lead Counsel will answer questions Judge Robart may have. You are welcome to  
12           attend at your own expense. *If you send an objection, you do not have to come to Court to talk about*  
13           it. As long as you mailed your written objection on time, the Court will consider it. You may also  
14           pay your own lawyer to attend, but it is not necessary.

15           **22. May I Speak at the Hearing?**

16           You may ask the Court for permission to speak at the Fairness Hearing. To do so, you must  
17           send a letter saying that it is your intention to appear in *In re WatchGuard Securities Litigation*,  
18           Master File No. 2:05-cv-00678-JLR. Be sure to include your name, address, telephone number, your  
19           signature, and the number of shares of WatchGuard common stock purchased between February 12,  
20           2004 and March 15, 2005. Your notice of intention to appear must be postmarked no later than July  
21           20, 2007, and be sent to the Clerk of the Court, Lead Counsel, and Defendants' counsel, at the three  
22           addresses listed in question 18. You cannot speak at the hearing if you exclude yourself from the  
23           Settlement Class.

## **IF YOU DO NOTHING**

### **23. What Happens if I Do Nothing at All?**

If you do nothing, you'll get no money from this settlement. But, unless you exclude yourself, you won't be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against the Defendants about the same legal issues in this case.

## **GETTING MORE INFORMATION**

#### **24. Are There More Details About the Settlement?**

This Notice summarizes the proposed settlement. More details are in the Stipulation of Settlement dated as of March 26, 2007. You can get a copy of the Stipulation of Settlement by writing to Rick Nelson, c/o Lerach Coughlin Stoia Geller Rudman & Robbins LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101 or from the Clerk's office at the United States District Court for the Western District of Washington, U.S. Courthouse, 700 Stewart Street, Seattle, Washington during regular business hours.

## 25. How Do I Get More Information?

You can call 619/231-1058 or write to Rick Nelson, Lerach Coughlin Stoia Geller Rudman & Robbins LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101 or visit the website at [www.gilardi.com](http://www.gilardi.com).

**DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE**

## SPECIAL NOTICE TO NOMINEES

If you hold shares of any WatchGuard common stock purchased between February 12, 2004 and March 15, 2005, as nominee for a beneficial owner, then, within ten (10) days after you receive this Notice, you must either: (1) send a copy of this Notice by first class mail to all such Persons; or (2) provide a list of the names and addresses of such Persons to the Claims Administrator;

**NOTICE OF PENDENCY AND PROPOSED  
SETTLEMENT (2:05-cv-00678-JLR)**

Lerach Coughlin Stoia Geller Rudman & Robbins LLP  
1700 Seventh Avenue, Suite 2260  
Seattle, WA 98101

1                   *WatchGuard Securities Litigation*  
2                   Claims Administrator  
3                   c/o Gilardi & Co. LLC  
4                   P.O. Box 8040  
5                   San Rafael, CA 94912-8040

6  
7                 If you choose to mail the Notice and Proof of Claim yourself, you may obtain from the  
8                 Claims Administrator (without cost to you) as many additional copies of these documents as you  
9                 will need to complete the mailing.

10                 Regardless of whether you choose to complete the mailing yourself or elect to have the  
11                 mailing performed for you, you may obtain reimbursement for or advancement of reasonable  
12                 administrative costs actually incurred or expected to be incurred in connection with forwarding the  
13                 Notice and which would not have been incurred but for the obligation to forward the Notice, upon  
14                 submission of appropriate documentation to the Claims Administrator.

15                 DATED: \_\_\_\_\_

16                 BY ORDER OF THE COURT  
17                 UNITED STATES DISTRICT COURT  
18                 WESTERN DISTRICT OF WASHINGTON

19                 S:\Settlement\Watchguard Tech.set\vl\ A1-00038189.doc

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NOTICE OF PENDENCY AND PROPOSED  
SETTLEMENT (2:05-cv-00678-JLR)

Lerach Coughlin Stoia Geller Rudman & Robbins LLP  
1700 Seventh Avenue, Suite 2260  
Seattle, WA 98101

Telephone: 206/749-5544 • Fax: 206/749-9978

## EXHIBIT A-2

1 THE HONORABLE JAMES L. ROBART  
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UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON

In re WATCHGUARD SECURITIES LITIGATION	)	Master File No. 2:05-cv-00678-JLR
This Document Relates To:		<u>CLASS ACTION</u>
ALL ACTIONS.		PROOF OF CLAIM AND RELEASE
		EXHIBIT A-2

1   **I. GENERAL INSTRUCTIONS**

2       1. To recover as a Member of the Settlement Class, as defined in the Notice of Pendency  
3 and Proposed Settlement of Class Action ("Notice"), based on your claims in the action entitled *In re*  
4 *WatchGuard Securities Litigation*, Master File No. 2:05-cv-00678-JLR (the "Litigation"), you must  
5 complete and, on page \_\_\_\_ hereof, sign this Proof of Claim and Release. If you fail to file a properly  
6 addressed (as set forth in paragraph 3 below) Proof of Claim and Release, your claim may be  
7 rejected and you may be precluded from any recovery from the Settlement Fund created in  
8 connection with the proposed settlement of the Litigation.

9       2. Submission of this Proof of Claim and Release, however, does not assure that you  
10 will share in the proceeds of settlement in the Litigation.

11      3. YOU MUST MAIL YOUR COMPLETED AND SIGNED PROOF OF CLAIM  
12 AND RELEASE POSTMARKED ON OR BEFORE SEPTEMBER 4, 2007, ADDRESSED AS  
13 FOLLOWS:

14                     *WatchGuard Securities Litigation*  
15                     Claims Administrator  
16                     c/o Gilardi & Co. LLC  
17                     P.O. Box 8040  
18                     San Rafael, CA 94912-8040

19       If you are NOT a Member of the Settlement Class, DO NOT submit a Proof of Claim and Release  
20 form.

21       4. If you are a Member of the Settlement Class, you are bound by the terms of any  
22 judgment entered in the Litigation, WHETHER OR NOT YOU SUBMIT A PROOF OF CLAIM  
23 AND RELEASE FORM.

24   **II. DEFINITIONS**

- 25       1. "Defendants" means WatchGuard and the Individual Defendants.  
26       2. "Individual Defendants" means Steven N. Moore, Michael E. McConnell, Edward J.  
27                     Borey and James A. Richman.  
28       3. "Released Persons" means each and all of the Defendants and their Related Parties.

1 **III. CLAIMANT IDENTIFICATION**

2       1. If you purchased WatchGuard common stock and held the certificate(s) in your name,  
3 you are the beneficial purchaser as well as the record purchaser. If, however, the certificate(s) were  
4 registered in the name of a third party, such as a nominee or brokerage firm, you are the beneficial  
5 purchaser and the third party is the record purchaser.

6       2. Use Part I of this form entitled "Claimant Identification" to identify each purchaser of  
7 record ("nominee"), if different from the beneficial purchaser of WatchGuard common stock which  
8 form the basis of this claim. THIS CLAIM MUST BE FILED BY THE ACTUAL BENEFICIAL  
9 PURCHASER OR PURCHASERS, OR THE LEGAL REPRESENTATIVE OF SUCH  
10 PURCHASER OR PURCHASERS OF THE WATCHGUARD COMMON STOCK UPON WHICH  
11 THIS CLAIM IS BASED.

12       3. All joint purchasers must sign this claim. Executors, administrators, guardians,  
13 conservators and trustees must complete and sign this claim on behalf of Persons represented by  
14 them and their authority must accompany this claim and their titles or capacities must be stated. The  
15 Social Security (or taxpayer identification) number and telephone number of the beneficial owner  
16 may be used in verifying the claim. Failure to provide the foregoing information could delay  
17 verification of your claim or result in rejection of the claim.

18 **IV. CLAIM FORM**

19       1. Use Part II of this form entitled "Schedule of Transactions in WatchGuard Common  
20 Stock" to supply all required details of your transaction(s) in WatchGuard common stock. If you  
21 need more space or additional schedules, attach separate sheets giving all of the required information  
22 in substantially the same form. Sign and print or type your name on each additional sheet.

23       2. On the schedules, provide all of the requested information with respect to *all* of your  
24 purchases and *all* of your sales of WatchGuard common stock which took place at any time  
25 beginning February 12, 2004 through March 15, 2005, inclusive (the "Settlement Class Period").  
26

1 whether such transactions resulted in a profit or a loss. Failure to report all such transactions may  
2 result in the rejection of your claim.

3       3. List each transaction in the Settlement Class Period separately and in chronological  
4 order, by trade date, beginning with the earliest. You must accurately provide the month, day and  
5 year of each transaction you list.

6       4. Broker confirmations or other documentation of your transactions in WatchGuard  
7 common stock should be attached to your claim. Failure to provide this documentation could delay  
8 verification of your claim or result in rejection of your claim.

9       5. The above requests are designed to provide the minimum amount of information  
10 necessary to process the most simple claims. The Claims Administrator may request additional  
11 information as required to efficiently and reliably calculate your losses. In some cases where the  
12 Claims Administrator cannot perform the calculation accurately or at a reasonable cost to the  
13 Settlement Class with the information provided, the Claims Administrator may condition acceptance  
14 of the claim upon the production of additional information and/or the hiring of an accounting expert  
15 at the Claimant's cost.

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1 UNITED STATES DISTRICT COURT  
2 WESTERN DISTRICT OF WASHINGTON

3 *In re WatchGuard Securities Litigation*

4 Master File No. 2:05-cv-00678-JLR

5 PROOF OF CLAIM AND RELEASE

6 Must be Postmarked No Later Than:

7 September 4, 2007

8 Please Type or Print

9 PART I: CLAIMANT IDENTIFICATION

11 Beneficial Owner's Name (First, Middle, Last)

13 Street Address

14 City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

16 Foreign Province \_\_\_\_\_ Foreign Country \_\_\_\_\_

17 Social Security Number or \_\_\_\_\_ Individual  
18 Taxpayer Identification Number \_\_\_\_\_ Corporation/Other

19 Area Code \_\_\_\_\_ Telephone Number \_\_\_\_\_ (work)

20 Area Code \_\_\_\_\_ Telephone Number \_\_\_\_\_ (home)

22 Record Owner's Name (if different from beneficial owner listed above)

24  
25  
26  
PROOF OF CLAIM AND RELEASE  
(2:05-cv-00678-JLR)

Lerach Coughlin Stoia Geller Rudman & Robbins LLP  
1700 Seventh Avenue, Suite 2260  
Seattle, WA 98101

- 4 - Telephone: 206/749-5544 • Fax: 206/749-9978

1 PART II: SCHEDULE OF TRANSACTIONS IN WATCHGUARD COMMON STOCK

2 A. Number of shares of WatchGuard common stock held at the beginning of trading on  
3 February 12, 2004: \_\_\_\_\_

4 B. Purchases of WatchGuard common stock (February 12, 2004 – March 15, 2005,  
5 inclusive):

6	Trade Date Mo. Day Year	Number of Shares Purchased	Total Purchase Price
7	1. _____	1. _____	1. _____
8	2. _____	2. _____	2. _____
	3. _____	3. _____	3. _____

9 IMPORTANT: Identify by number listed above all purchases in which you covered a  
10 "short-sale" \_\_\_\_\_

11 C. Sales of WatchGuard common stock (February 12, 2004 – March 15, 2005,  
12 inclusive):

13	Trade Date Mo. Day Year	Number of Shares Sold	Total Sales Price
14	1. _____	1. _____	1. _____
15	2. _____	2. _____	2. _____
	3. _____	3. _____	3. _____

16 D. Number of shares of WatchGuard common stock held at close of trading on  
17 March 15, 2005: \_\_\_\_\_

18 If you require additional space, attach extra schedules in the same format as above. Sign and print  
your name on each additional page.

19 YOU MUST READ AND SIGN THE RELEASE ON PAGE \_\_\_\_\_.

20  
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PROOF OF CLAIM AND RELEASE  
(2:05-cv-00678-JLR)

Lerach Coughlin Stoia Geller Rudman & Robbins LLP  
1700 Seventh Avenue, Suite 2260  
Seattle, WA 98101

- 5 - Telephone: 206/749-5544 • Fax: 206/749-9978

1 V. **SUBMISSION TO JURISDICTION OF COURT AND  
ACKNOWLEDGMENTS**

2 I submit this Proof of Claim and Release under the terms of the Stipulation of Settlement  
3 dated as of March 26, 2007 described in the Notice. I also submit to the jurisdiction of the United  
4 States District Court for the Western District of Washington, with respect to my claim as a  
5 Settlement Class Member (as defined in the Notice) and for purposes of enforcing the release set  
6 forth herein. I further acknowledge that I am bound by and subject to the terms of any judgment that  
7 may be entered in the Litigation. I agree to furnish additional information to Lead Counsel to  
8 support this claim if required to do so. I have not submitted any other claim covering the same  
9 purchases or sales of WatchGuard common stock during the Settlement Class Period and know of no  
10 other Person having done so on my behalf.

11 VI. **RELEASE**

12 1. I hereby acknowledge full and complete satisfaction of, and do hereby fully, finally  
13 and forever settle, release, relinquish and discharge, all of the Released Claims against each and all  
14 of the Defendants and each and all of their "Related Parties," defined as each of a Defendant's past  
15 or present directors, officers, employees, partners, insurers, co-insurers, reinsurers, agents,  
16 controlling shareholders, attorneys, accountants, auditors, advisors, investment advisors, personal or  
17 legal representatives, predecessors, successors, parents, subsidiaries, divisions, joint ventures,  
18 assigns, spouses, heirs, related or affiliated entities, any entity in which a Defendant has a controlling  
19 interest, any members of an Individual Defendant's immediate family, or any trust of which the  
20 Individual Defendant is the settlor or which is for the benefit of the Individual Defendant's family.

21 2. "Released Claims" shall collectively mean all claims (including "Unknown Claims"  
22 as defined below), demands, rights, liabilities and causes of action of every nature and description  
23 whatsoever, known or unknown, whether or not concealed or hidden, asserted or that might have  
24 been asserted, including, without limitation, claims for negligence, gross negligence, breach of duty  
25 of care and/or breach of duty of loyalty, fraud, breach of fiduciary duty, or violations of any state or  
26 federal statutes, rules or regulations, by the Lead Plaintiff or any Settlement Class Member against

1 the Defendants arising out of, relating to, or in connection with the purchase or purchase and sale of  
2 WatchGuard common stock by the Lead Plaintiff or any Settlement Class Member during the  
3 Settlement Class Period.

4       3.     “Unknown Claims” shall collectively mean all claims, demands, rights, liabilities, and  
5 causes of action of every nature and description which the Lead Plaintiff or any Settlement Class  
6 Member does not know or suspect to exist in his, her or its favor at the time of the release of the  
7 Released Persons which, if known by him, her or it, might have affected his, her or its settlement  
8 with and release of the Released Persons, or might have affected his, her or its decision not to object  
9 to this settlement. With respect to any and all Released Claims, the Settling Parties stipulate and  
10 agree that, upon the Effective Date, the Lead Plaintiff shall expressly waive and relinquish, and each  
11 of the Settlement Class Members shall be deemed to have waived and relinquished, and by operation  
12 of the Judgment shall have waived and relinquished, to the fullest extent permitted by law, the  
13 provisions, rights and benefits of California Civil Code §1542, which provides:

14                   **A general release does not extend to claims which the creditor does not  
15 know or suspect to exist in his or her favor at the time of executing the release,  
16 which if known by him or her must have materially affected his or her  
settlement with the debtor.**

17 The Lead Plaintiff shall expressly waive and each of the Settlement Class Members shall be deemed  
18 to have, and by operation of the Judgment shall have, expressly waived any and all provisions, rights  
19 and benefits conferred by any law of any state or territory of the United States, or principle of  
20 common law, which is similar, comparable or equivalent to California Civil Code §1542. The Lead  
21 Plaintiff and Settlement Class Members may hereafter discover facts in addition to or different from  
22 those which he, she or it now knows or believes to be true with respect to the subject matter of the  
23 Released Claims, but the Lead Plaintiff shall expressly fully, finally and forever settle and release,  
24 and each Settlement Class Member, upon the Effective Date, shall be deemed to have, and by  
25 operation of the Judgment shall have, fully, finally, and forever settled and released, any and all  
26 Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent,

PROOF OF CLAIM AND RELEASE  
(2:05-cv-00678-JLR)

Lerach Coughlin Stoia Geller Rudman & Robbins LLP  
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Seattle, WA 98101  
Telephone: 206/749-5544 • Fax: 206/749-9978

1 whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of  
2 law or equity now existing or which come into existence in the future, including, but not limited to,  
3 conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule,  
4 without regard to the subsequent discovery or existence of such different or additional facts. The  
5 Lead Plaintiff acknowledges, and the Settlement Class Members shall be deemed by operation of the  
6 Judgment to have acknowledged, that the foregoing waiver was separately bargained for and a key  
7 element of the settlement of which this release is a part.

8       4. This release shall be of no force or effect unless and until the Court approves the  
9 Stipulation and it becomes effective on the Effective Date.

10      5. I (We) hereby warrant and represent that I (we) have not assigned or transferred or  
11 purported to assign or transfer, voluntarily or involuntarily, any matter released pursuant to this  
12 release or any other part or portion thereof.

13      6. I (We) hereby warrant and represent that I (we) have included information about all  
14 of my (our) transactions in WatchGuard common stock that occurred during the Settlement Class  
15 Period as well as the number of shares of WatchGuard common stock held by me (us) at the opening  
16 of trading on February 12, 2004, and at the close of trading on March 15, 2005.

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PROOF OF CLAIM AND RELEASE  
(2:05-cv-00678-JLR)

Lerach Coughlin Stoia Geller Rudman & Robbins LLP  
1700 Seventh Avenue, Suite 2260  
Seattle, WA 98101

Telephone: 206/749-5544 • Fax: 206/749-9978

SUBSTITUTE FORM W-9

Request for Taxpayer Identification Number ("TIN") and Certification

PART I

NAME: \_\_\_\_\_

Check appropriate box:

- Individual/Sole Proprietor       Partnership       Pension Plan  
 Corporation       Other       Trust  
 IRA

Enter TIN on appropriate line.

- For individuals, this is your Social Security Number ("SSN").  
 For sole proprietors, you must show your individual name, but you may also enter your business or "doing business as" name. You may enter either your SSN or your Employer Identification Number ("EIN").  
 For other entities, it is your EIN.

Social Security Number      or      Employer Identification Number

PART II

For Payees Exempt from Backup Withholding

If you are exempt from backup withholding, enter your correct TIN in Part I and write "exempt" on the following line: \_\_\_\_\_

PART III

Certification

UNDER THE PENALTY OF PERJURY, I (WE) CERTIFY THAT:

1. The number shown on this form is my correct TIN; and
2. I (We) certify that I am (we are) NOT subject to backup withholding under the provisions of Section 3406 (a)(1)(C) of the Internal Revenue Code because: (a) I am (we are) exempt from backup withholding; or (b) I (we) have not been notified by the Internal Revenue Service that I am (we are) subject to backup withholding as a result of a failure to report all interest or dividends; or (c) the Internal Revenue Service has notified me (us) that I am (we are) no longer subject to backup withholding.

PROOF OF CLAIM AND RELEASE  
(2:05-cv-00678-JLR)

Lerach Coughlin Stoia Geller Rudman & Robbins LLP  
1700 Seventh Avenue, Suite 2260  
Seattle, WA 98101

- 9 -      Telephone: 206/749-5544 • Fax: 206/749-9978

1 NOTE: If you have been notified by the Internal Revenue Service that you are subject to  
2 backup withholding, you must cross out Item 2 above.

3 **SEE ENCLOSED FORM W-9 INSTRUCTIONS**

4 The Internal Revenue Service does not require your consent to any provision of this document other  
5 than the certification required to avoid backup withholding.

6 I declare under penalty of perjury under the laws of the United States of America that the  
7 foregoing information supplied by the undersigned is true and correct.

8 Executed this \_\_\_\_\_ day of \_\_\_\_\_,  
9 in \_\_\_\_\_ (Month/Year)

10 in \_\_\_\_\_, \_\_\_\_\_.  
11 (City) (State/Country)

12 \_\_\_\_\_  
13 (Sign your name here)

14 \_\_\_\_\_  
15 (Type or print your name here)

16 \_\_\_\_\_  
17 (Capacity of person(s) signing, e.g.,  
18 Beneficial Purchaser or Acquirer, Executor  
19 or Administrator)

20  
21 ACCURATE CLAIMS PROCESSING TAKES A  
22 SIGNIFICANT AMOUNT OF TIME.  
23  
24 THANK YOU FOR YOUR PATIENCE.

25 Reminder Checklist:

- 26
- 27 1. Please sign the above release and declaration.
  - 28 2. Remember to attach supporting documentation, if available.
  - 29 3. Do not send original stock certificates.
  - 30 4. Keep a copy of your claim form for your records.

PROOF OF CLAIM AND RELEASE  
(2:05-cv-00678-JLR)

Lerach Coughlin Stoia Geller Rudman & Robbins LLP  
1700 Seventh Avenue, Suite 2260  
Seattle, WA 98101

- 10 - Telephone: 206/749-5544 • Fax: 206/749-9978

1       5. If you desire an acknowledgment of receipt of your claim form, please send it  
2 Certified Mail, Return Receipt Requested.

3       6. If you move, please send us your new address.

4 S:\Settlement\Watchguard Tech.set(v1) A2-00038188.doc

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PROOF OF CLAIM AND RELEASE  
(2:05-cv-00678-JLR)

Lerach Coughlin Stoia Geller Rudman & Robbins LLP  
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Seattle, WA 98101

- 11 -              Telephone: 206/749-5544 • Fax: 206/749-9978

## EXHIBIT A-3

1 THE HONORABLE JAMES L. ROBART  
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8 UNITED STATES DISTRICT COURT  
9 WESTERN DISTRICT OF WASHINGTON

In re WATCHGUARD SECURITIES	)	Master File No. 2:05-cv-00678-JLR
LITIGATION	)	<u>CLASS ACTION</u>
This Document Relates To:	)	SUMMARY NOTICE
ALL ACTIONS.	)	EXHIBIT A-3

1 TO: ALL PERSONS WHO PURCHASED WATCHGUARD TECHNOLOGIES, INC.  
2 ("WATCHGUARD") COMMON STOCK BETWEEN FEBRUARY 12, 2004 AND  
3 MARCH 15, 2005, INCLUSIVE

4 YOU ARE HEREBY NOTIFIED, pursuant to an Order of the United States District Court  
5 for the Western District of Washington, that a hearing will be held on August \_\_, 2007, at \_\_\_\_  
6 .m., before the Honorable James L. Robart, at the U.S. Courthouse, 700 Stewart Street, Seattle,  
7 Washington, for the purpose of determining (1) whether the proposed settlement of the claims in the  
8 Litigation for the sum of \$1,750,000 in cash should be approved by the Court as fair, reasonable and  
9 adequate; (2) whether, thereafter, this Litigation should be dismissed with prejudice as set forth in  
10 the Stipulation of Settlement dated as of March 26, 2007; (3) whether the Plan of Allocation is fair,  
11 reasonable and adequate and therefore should be approved; and (4) whether the application of Lead  
12 Counsel for the payment of attorneys' fees and reimbursement of expenses incurred in connection  
13 with this Litigation should be approved.

14 If you purchased WatchGuard common stock between February 12, 2004 and March 15,  
15 inclusive, your rights may be affected by the settlement of this Litigation. If you have not  
16 received a detailed Notice of Pendency and Proposed Settlement of Class Action ("Notice") and a  
17 copy of the Proof of Claim and Release, you may obtain copies by writing to *WatchGuard Securities*  
18 *Litigation*, c/o Gilardi & Co. LLC, P.O. Box 8040, San Rafael, CA 94912-8040. If you are a  
19 Settlement Class Member, in order to share in the distribution of the Net Settlement Fund, you must  
20 submit a Proof of Claim and Release postmarked no later than September 4, 2007, establishing that  
21 you are entitled to recovery.

22 If you desire to be excluded from the Settlement Class, you must submit a Request for  
23 Exclusion postmarked by July 20, 2007, in the manner and form explained in the detailed Notice  
24 referred to above. All Members of the Settlement Class who have not requested exclusion from the  
25 Settlement Class will be bound by any judgment entered in the Litigation pursuant to the Stipulation  
26 of Settlement.

SUMMARY NOTICE (2:05-cv-00678-JLR)

Lerach Coughlin Stoia Geller Rudman & Robbins LLP  
1700 Seventh Avenue, Suite 2260  
Seattle, WA 98101

1 Any objection to the settlement must be mailed or delivered such that it is received by each  
2 of the following no later than July 20, 2007:

3 Clerk of the Court  
4 UNITED STATES OF DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
700 Stewart Street  
5 Seattle, WA 98101

6 *Counsel for Lead Plaintiff:*

7 Joy Ann Bull  
8 LERACH COUGHLIN STOIA GELLER  
RUDMAN & ROBBINS LLP  
655 West Broadway, Suite 1900  
9 San Diego, CA 92101

10 *Counsel for Defendants*

11 James N. Kramer  
12 ORRICK, HERRINGTON & SUTCLIFFE LLP  
The Orrick Bldg., 405 Howard Street  
13 San Francisco, CA 94105

14 PLEASE DO NOT CONTACT THE COURT OR THE CLERK'S OFFICE  
15 REGARDING THIS NOTICE. If you have any questions about the settlement, you may contact  
16 Lead Counsel at the address listed above.

17  
18 DATED: \_\_\_\_\_ BY ORDER OF THE COURT  
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20 S:\Settlement\Watchguard\Tech.set\A3-00038165.doc  
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**CERTIFICATE OF SERVICE**

I hereby certify that on May 17, 2007, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system which will send notification of such filing to the e-mail addresses denoted on the attached Electronic Mail Notice List, and I hereby certify that I have mailed the foregoing document or paper via the United States Postal Service to the non-CM/ECF participants indicated on the attached Manual Notice List.

I certify under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on May 17, 2007.

s/ Joy Ann Bull  
JOY ANN BULL

LERACH COUGHLIN STOIA GELLER  
RUDMAN & ROBBINS LLP  
655 West Broadway, Suite 1900  
San Diego, CA 92101-3301  
Telephone: 619/231-1058  
619/231-7423 (fax)

E-mail: Joyb@lerachlaw.com

## Mailing Information for a Case 2:05-cv-00678-JLR

### Electronic Mail Notice List

The following are those who are currently on the list to receive e-mail notices for this case.

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- **Joy Ann Bull**  
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- **Dan Drachler**  
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- **Jay H Zulauf**

jzulauf@hallzan.com,lvitale@hallzan.com,generalmail@hallzan.com,kbenedict@hallzan.com

### Manual Notice List

The following is the list of attorneys who are not on the list to receive e-mail notices for this case (who therefore require manual noticing). You may wish to use your mouse to select and copy this list into your word processing program in order to create notices or labels for these recipients.

- (No manual recipients)